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BOOK REVIEWS

Frankenstein, Incorporated, by I. Maurice Wormser. Whittlesey House, New York and London. Pp. 242.

This is a book about the corporation of gigantic size. The author wanted a striking title for his book and he selected "Frankenstein, Incorporated," on the theory that Frankenstein created a monster that became dangerous to mankind, and that this monster could be likened to the enormous corporation which, though created by the state, is becoming so conscienceless in the use of its power that it is threatening the life of the state. Had I written a book about corporations of gigantic size I would have selected not "Frankenstein" but "Dinosaur, Incorporated," on the theory that the present day gigantic corporation has considerably more body than brains, its danger to the body politic being due to its ponderous stupidity more than to anything else. One fallacy that the depression is exploding is the idea that large size and large success go hand in hand. When the final story of the depression is written one of its major causes will, I think, be found to have been an insufficiency of brains in the management of these huge corporations. As long as business was flowing easily the tremendous handicap of doing a nation-wide business from one headquarters was not felt. But as things tightened up, and differing situations in different parts of the country called for intelligent and differentiated treatment the brains (if any) at headquarters were insufficient and the result was disaster. A reading of this book and an analysis of the evidences of stupidity and rascality that can be found in it bear out my theory of the gigantic corporation as much as they bear out the author's.

As a matter of fact, the author abandons the theory of his title when he finishes explaining it in the preface. The book itself is merely a short, readable discussion of corporations covering their genesis, early development, growth, advantages and disadvantages, including chapters on corporate ills, abuses and cures, corporations and the professions, trusts and monopolies and corporations and the people. The author evidently thought he was making a lot of startling disclosures when, as a matter of fact, he was only telling what every lawyer knows and what most of the public know. The book is full of quotations from Pope, Shakespeare and other literary lights,

contains an elaborate reference to the divorce problem at Reno, and considers briefly the style of Abraham Lincoln.

Some concrete instances of old fashioned abuses are given that are interesting. For example, the bonus system by which officers who are supposed to be working for a very small, fixed salary actually get compensation of stupendous magnitude. One corporate president is cited whose fixed, annual salary was \$12,000 but who, in the two years 1929 and 1930, got bonuses aggregating more than two and a half million dollars. Another president is mentioned who got a bonus one year in cash and stock of over \$2,300,000. Another corporate ill and abuse which the author inveighs against is the system of organizing corporations with a small amount of voting stock held by the inner circle and a large amount of non-voting stock held by the public. This is not so serious because practical experience proves how difficult it is to get stockholders to attend corporate meetings in person and vote. The author says that at the annual meeting of one of these big corporations the chairman held proxies for seven million shares, whereas, the number of shares represented in person was less than three thousand. That is what might properly be called having the meeting sewed up!

The chapter on corporations and the professions is worth reading. There is here recounted the stubborn resistance that bar associations and state legislatures are making to the encroachments of corporations upon the lawyers' domain, with the corporations steadily gaining. The chapter on trusts and monopolies is interesting because there are submitted for consideration some of the plans which have been advanced for the modification of the Sherman Anti-Trust Act. The author seems to think it clear that some sort of administrative agency should be created by the federal government for the purpose of passing upon proposed trade agreements, with the understanding that approval of such agreements would furnish immunity from subsequent civil and criminal prosecution if the action taken conforms to the scheme outlined.

As a protection to the public against many of the practices indulged in by these corporations the author makes the novel suggestion that upon the boards of directors of banks, public service corporations and corporations dealing in the necessities of life there be what he terms "public directors" appointed by the president for interstate corporations and by the governors of the various states for intrastate

corporations. This would seem to be about as fantastic a scheme as could possibly be devised. Nevertheless, the fact that the proposal is seriously made shows the steady drift toward putting the government into business.

There is one aspect of the problem of the huge interstate corporation that the author does not touch upon, the relationship of these corporations to the various states in which they do business, with particular reference to the regulatory and taxing powers of the various states as variously applied throughout the country. An example is the matter of income tax. Different states have different formulae for allocating to themselves that part of the corporations' income which is to be taxable and the corporations are countering by organizing dummy subsidiaries by means of which they undertake to syphon all income possible out of the income tax states into the states that have no income taxes. Judicial decisions which are bound to follow, will, without a doubt, develop some new ideas and will, I am sure, result in giving to the states themselves a weapon of tremendous power with which to keep "Frankenstein, Incorporated," in its proper place if it does not see fit to get there and stay there of its own free will and accord.

C. W. TILLET, JR.

Charlotte, N. C.

The Law of Shipment, by Louis Otis Van Doren. New York: Baker, Voorhis & Co. 1932. Pp. xlii, 1203. \$15.00.

I am sure that I will be indulged for a bit of the history of this book. The author, a painstaking, critical, accurate, and, it might be said, a brilliant member of the New York City Bar, was in the course of his practice some years ago, called upon to make a most thorough and complete investigation of the subject matter. This litigation took him far afield, as far south as Norfolk and as far west as Minneapolis, in both state and federal courts, in both the trial divisions as well as the appellate, culminating in the Supreme Court of the United States. This experience naturally centered his attention upon the state of the literature of the law in that field. As he states in his preface, he found the cases widely scattered, text-book treatment embodied in works on other subjects, and Shipments treated generally as a subdivision of some other branch of the law rather than as a distinct and independent subject. The aim of his book is best

stated by himself: "Our purpose was so far as we had the capacity, to bring order out of this confusion and to place in the hands of the profession a book in which could be found at once a statement of the law on every important question of commercial shipment, between seller and buyer, which had been judicially determined in recent times."

The work is not, however, as the title might imply, a treatise on the law of carriers. Rather, it deals with a variety of commercial law problems which arise in connection with shipments on land and on sea, principally of imports. Thus, there are many questions of sales, such as passage of title and delivery, questions of insurance, of letters of credit, the judicial construction of standard contract provisions, and a host of others.

Illustrative of the study which has been put upon this subject, an examination of the table of cases discloses that between eight and nine hundred cases have been examined and cited. Most of them appear in the form of digests of the facts and of quotations from the opinions. The organization is excellent; the author's own comment all too slight. Mainly, the author lets the cases speak for themselves. The book is a treatise in the language of the courts. In making this observation, I can speak with assurance as it was my good fortune to have been associated in a very few of the cases, and a reading of the book and of the cases quoted from justifies the statement that the author has dealt with these cases comprehensively and concisely. A reader or investigator may rely upon the accuracy of the author, both as to fact and as to law.

In conclusion, the profession owes Mr. Van Doren a debt for his contribution. He has set a worthy example to leaders of the bar to reduce some of their work to permanent form for future use.

H. G. CONNOR, JR.

Wilson, N. C.